



**DISTRICT OF COLUMBIA RETIREMENT BOARD**  
**MEETING MINUTES**  
**FEBRUARY 21, 2013**  
**10:00 AM**

**MEMBERS PRESENT**

Michael J. Warren, Chairman  
Lyle M. Blanchard  
Joseph M. Bress  
Diana K. Bulger\* (10:37)  
James E. Bunn  
Judith C. Marcus  
Nathan Saunders  
George R. Suter  
Thomas N. Tippet

**DCRB STAFF PRESENT**

Eric Stanchfield, Executive Director  
Erie Sampson, General Counsel  
Sheila Morgan-Johnson  
Joan Passerino  
Tom Anderson  
Daniel Hernandez  
Peter Dewar  
Corinne Koch  
Leslie King  
Sebastian Podesta  
Katie Schultz  
Yolanda Smith  
Rabinai Carson  
Denice McSears  
Nina Bridgers

**MEMBERS NOT PRESENT**

Barbara Davis Blum  
Darrick O. Ross  
Edward C. Smith  
Jeffrey Barnette, ex-officio

**OTHERS PRESENT**

Brenda Mathis, OCFO  
Hazel Bradford, Pensions & Investments  
Owen M. Ward, CliftonLarsonAllen LLP

**ROLL CALL**

Chairman Warren called the meeting to order at 10:30 a.m. Ms. Rabinai Carson called the roll.

**APPROVAL OF MINUTES**

Mr. Bunn made the following motion, which was seconded by Mr. Bress:

**Motion #1:** To approve the January 17, 2012 Board meeting minutes. *A voice vote was called and the motion was approved 8-0.*

**CHAIRMAN'S COMMENTS**

Chairman Warren updated the Board on the following items:

- Mr. Warren extended a warm welcome to Mr. Nathan Saunders, the newly-elected Active Teacher Trustee;
- Mr. Warren noted that this is his last meeting as the Chairman of the Board;
- Best practices were awarded by CliftonLarsonAllen, LLP to DCRB this year.

**EXECUTIVE DIRECTOR'S REPORT**

Mr. Stanchfield updated the Board on the following items:

- DCRB Performance Testimony: DCRB testimony is scheduled for Tuesday, March 12<sup>th</sup> at 11:00 a.m., in Council Chamber: Room 500. Written testimony will be developed during the upcoming weeks;
- Data Reclamation Project Update: The Data Reclamation Project is continuing as planned and has entered Phase II of this 18 to 24 month project. In the last month, DCRB has entered into an additional MOU with OCTO for the continued services including data gap analysis, continued project planning and staffing, and execution of discovery and working sessions with all of the project partners. The first project update meeting with Executive Directors from all the agencies will be held in March to discuss the plan for data correction and project completion. Mr. Dewar noted that DCRB is getting great cooperation from the other partners;
- New Trustee Orientation: DCRB Senior Staff welcomed newly-elected Active Teacher Trustee Nathan Saunders on February 20<sup>th</sup> and provided him with a DCRB overview. This briefing addressed the topics of legal/compliance, operations, finance, benefits administration, special projects, information technology, and investments;
- Trustee Fiduciary Training: DCRB is currently reviewing solicitation responses for vendors to conduct Trustee Fiduciary Training. This training will be scheduled within the next three months. Mr. Bunn inquired approximately when the training would take place, and Ms. Sampson responded staff is trying to schedule the training to take place before the April 25<sup>th</sup> Board Meeting. Trustees will receive a notice of when the training will occur well in advance of the training;
- Trustee Pictures: Pictures are being taken after the adjournment of the Board meeting;
- DCRB Job Openings: DCRB is recruiting for a Staff Attorney and an Investment Analyst. DCRB has released a solicitation for a vendor to provide qualified temporary Human Resources/Data Technicians to review and enter human resource information into the PeopleSoft System for the Data Reclamation Project. The primary purpose of this position is to perform duties involved in the collection, interpretation, documentation, and input of human resource and employment data in support of assigned project tasks. These job announcements can be viewed at DCRB's website at <http://dcrb.dc.gov>.

### **GENERAL COUNSEL'S REPORT**

Ms. Erie Sampson, General Counsel, reported on the following items:

- DCRB Financial Disclosure Form: Trustees must complete the accompanying form and return it to me no later than the April 25<sup>th</sup> Board meeting. Trustee forms must be filed with the Council and the Mayor by April 30. At the time of this meeting, this is the only financial disclosure form required to be filed by trustees. As previously noted, Campaign Finance Financial Disclosure Statements are no longer required and the new Board of Ethics and Government Accountability did not issue a replacement form. Any disclosures related to trustee participation in sponsored activities (that are offered by parties-in-interests) are required to be reported on the trustee timesheets. DCRB is required to disclose this information in the annual CAFR;
- The National Association of Public Pension Attorneys Conference: The National Association of Public Pension Attorneys recently held its winter conference in Washington, DC. Ms. Sampson highlighted the following:
  - Audit Committees: The establishment of independent audit committees was discussed as a "best practice" for public pension boards to fulfill the board's oversight responsibilities for financial reporting, system of internal controls, audit process, and monitoring compliance;

- Fiduciary Audit/Reviews: Another trend that has been observed is an increase in the prevalence of fiduciary audit/reviews of public pension funds. It was noted that the occurrence of a fiduciary audit may be driven by a scandal, it may be imposed through law or regulation, or a board looking for a comparison with best practices may vote upon it. The typical timeframe for these audits was every 5 years;
- Determination Letter Filing: Ms. Sampson noted that an IRS representative spoke about the Determination Letter process for governmental plans. Plan sponsors of governmental plans may file for a Determination Letter during Cycle C (Feb. 1, 2013 – Jan. 31, 2014) or Cycle E (Feb. 1, 2015 – Jan. 31, 2016). The District (OCFO) and DCRB recently updated the Plan documents for required tax-qualification amendments. At the public hearing on the amendments, Councilmember Bowser indicated she is expecting the District and DCRB to pursue obtaining IRS approval of the amendments. Although there is no requirement that Plans go to the IRS for a determination letter, this is a Plan Sponsor decision. Ms. Sampson stated that DCRB will ensure that OCFO is aware of this opportunity.
- Cheryl Rivera v. District of Columbia Retirement Board, et al.: Motions for Summary Judgment are due on February 19, 2013.

### **INVESTMENT COMMITTEE**

There was no Investment Committee Report brought before the Board.

*There were no action items brought before the Board by this committee.*

### **BENEFITS COMMITTEE REPORT**

Mr. Suter, the Benefits Committee Chair, updated the Board on the following committee items:

- Business Process Reengineering (BPR) Project: Following the completion of its review of major benefits administration processes, Linea Solutions, Inc. (“Linea”) developed recommendations for reengineering DCRB’s benefits processes, presented a revised organizational structure for implementing them, and delivered a final strategic planning document. During late January, Linea conducted a skills assessment of DCRB’s Benefits staff. The results of the tests are being used by Linea to determine staff skill levels, to identify training needs, and to assist with the best placement of staff within the reorganized Benefits Department structure. Concurrently, the BPR Project team began drafting job descriptions for the new structure that will include duties transferred to DCRB from Treasury and the Police and Firefighters’ Retirement and Relief Board, as well as activities that will change in accordance with recommendations made by Linea following their review of existing processes. Once the descriptions are completed, they will be graded, and DCRB will proceed with the training needed to close gaps in required skills;
- 2013 Cost-of-Living Adjustments (COLAs): Due to changes in the Consumer Price Index applicable to the Police Officers and Firefighters’ Retirement Plan and the Teachers’ Retirement Plan during calendar year 2012, annuitants and survivors will receive a COLA of 1.7%, effective March 1, 2013. The increase will be included in annuity payments beginning April 1, 2013;
- Summary Plan Descriptions (SPDs): The SPDs have been sent to Treasury for its final review. DCRB expects the draft to be returned by mid-February. After any changes by Treasury have been made, DCRB will conduct a final proof of the booklets and will

release them for printing. It is anticipated that the booklets will be distributed to members in the end of March or early April.

*There were no action items brought before the Board by this committee.*

### **LEGISLATIVE COMMITTEE REPORT**

Mr. Blanchard, Legislative Committee Chair, updated the Board on the following items:

- Hearings: DCRB's annual agency performance oversight hearing is scheduled for March 12, 2013, at 11 a.m. before Councilmember Phil Mendelson, Chair of the Committee of the Whole. DCRB's annual budget hearing is scheduled for April 18, 2013, at 10 a.m. before Councilmember Phil Mendelson.

*There were no action items brought before the Board by this committee.*

### **OPERATIONS COMMITTEE REPORT**

This committee report was moved out of order in the meeting agenda.

The following motion was made by Mr. Tippett and was seconded by Mr. Blanchard:

**Motion #2:** To enter Executive Session (11:30 a.m.) to discuss the audited financial statements with DCRB's auditor. D.C. Code § 2-575(b)(11). *A voice vote was called and the motion was approved 9-0.*

Mr. Warren made the following motion, which was seconded by Mr. Bress:

**Motion #3:** To exit Executive Session (11:45 a.m.) and return to the regular Open Board meeting. *A voice vote was called and the motion was approved 9-0.*

Mr. Bress made the following motion, which was seconded by Ms. Bulger:

**Motion #4:** To accept the FY 2012 Audited Financial Statements prepared by CliftonLarsonAllen, LLP. *A voice vote was called and the motion was approved 9-0.*

Discussion: Mr. Tippett noted that minor mistakes and inaccuracies in the audit report have been addressed and will be corrected going forward.

- International travel for staff: Mr. Warren noted that the abuse of international travel by other public funds is a concern for the Board. However, at the current time, 36% (going up to 50%) of DCRB's fund assets are located outside the United State, and the Board would be remiss in its fiduciary duties if it does not perform some onsite due diligence. He noted that investing solely in the United States is not an option for achieving the best investment options for the Board, which is why DCRB must examine investments in other markets in order to get the best investment returns.

Mr. Tippett made the following motion, which was seconded by Mr. Bunn:

**Motion #5:** To delegate to the Executive Director the authority to approve all necessary efficient travel by the Investment staff to London, England to conduct DCRB business. *A voice vote was called and the motion was approved 9-0.*

Discussion: Mr. Bunn noted that it seems that many of the recent bigger decisions, including approval of international travel, have been made and approved during committee meetings, and then these decisions have been brought to the Board. He felt that the details from the committee meetings have not always been sufficiently explained in the past to allow Board members who were not present during committee meetings to properly make decisions on votes. Mr. Warren replied that the Board and the new Chairman would work to be sure that trustees are properly informed. He noted that that the workings of several committees, especially the Investment Committee (which is a committee of the whole), have become much more complicated recently, and it has been an effort of the committees to simplify information before bringing it before the Board. Mr. Tippet added that he was present at Board meetings years ago when the restrictions on travel were put in place, and he stated that though the restrictions seemed strong, they were necessary for the reputation of the Board. Mr. Stanchfield noted that he has seen similar issues happen at other boards in the past. He noted that guidelines are important. Mr. Tippet asked that the Investment Committee or the Operations Committee work to put together a set of guidelines governing future international travel, including required itineraries, efficient trips, trips that are limited in number for each participant, etc. It was noted by Mr. Warren and Ms. Morgan-Johnson that London, England was specifically stated in the motion because many investment managers either operate from there or are able to travel there to meet with the due diligence team from DCRB.

Mr. Bress made the following motion, which was seconded by Mr. Blanchard:

**Motion #6:** That the Board authorize the Executive Director to execute a one (1) year contract with Mr. Phan in the amount of \$126,000 to provide Information Technology Services, subject to contract negotiation. *A voice vote was called and the motion was passed 9-0.*

A discussion about a disaster recovery system maintained outside the District of Columbia followed. DCRB's current disaster recovery location is in Ashburn, Virginia. Mr. Bunn stated that, barring situations like this one that are mandated by security, he would prefer to keep the spending of money on vendors located outside the District of Columbia to a minimum.

#### **OTHER BUSINESS**

- Board Officer Election: Pursuant to Section 1502.14 of the Board Rules, the Election of Officers was conducted by secret ballot. Ms. Yolanda Smith, the Board's Contract Specialist, served as the teller and managed the collection and counting of the ballots.

Mr. Warren made the following motion, which was seconded by Mr. Bress:

**Motion #7:** That all votes for all trustee positions will be written on one ballot and will be approved at the same time. *A voice vote was called and the motion was approved 9-0.*

Discussion: Mr. Saunders clarified that this method does indeed meet the standards of the Section 1502.14 of the Board Rules with regards to a secret ballot.

**Nominations:** The following nominations and elections occurred:

- **Chairman:** Ms. Bulger nominated Mr. Bress for Chairman, and Mr. Bunn seconded the motion. Mr. Bress was elected Chairman of the Board;

- **Secretary:** Ms. Bulger nominated Mr. Warren for Secretary, and Mr. Bress seconded the motion. Mr. Warren was elected Secretary of the Board;
- **Treasurer:** Mr. Tippettt nominated Mr. Blanchard, and Ms. Bulger seconded the motion. Mr. Blanchard was elected Treasurer of the Board;
- **Parliamentarian:** Ms. Marcus nominated Mr. Tippettt, and Mr. Tippettt nominated Ms. Marcus. She declined the nomination. Mr. Tippettt was elected Parliamentarian of the Board;
- **Sergeant-at-Arms:** Mr. Blanchard nominated Ms. Bulger, and Mr. Bress seconded the motion. Ms. Bulger was elected Sergeant-at-Arms of the Board.

Mr. Bress made the following motion, which was seconded by Ms. Bulger:

**Motion #8:** To waive Board Rule 1502.12, to allow the Treasurer and the Sergeant-at-Arms to serve in the same elected office for more than two consecutive terms. *A voice vote was called and the motion was approved 9-0.*

- Chairman: Mr. Bress for Chairman was elected; votes cast: 9 and 9 votes received
  - Secretary: Mr. Warren for Secretary; votes cast: 9 and 8 votes received
  - Treasurer: Mr. Blanchard for Treasurer: votes cast: 9 and 8 votes received
  - Parliamentarian: Ms. Marcus nominated Mr. Tippettt; votes cast: 9 and 9 votes received
  - Sergeant-at-Arms: Mr. Blanchard: votes cast: 9 and 9 votes received
- Mr. Stanchfield thanked Mr. Warren for his service as Chairman. The rest of the Board expressed their appreciation;
  - Ms. Marcus noted that she received compliments from retired teachers that DCRB staff and trustees do a great job.

#### **ADJOURNMENT**

**Motion #9:** Mr. Warren moved to adjourn the meeting at 1:05 p.m. Mr. Suter seconded the motion. *A voice vote was called and the motion was approved 9-0.*

**DISTRICT OF COLUMBIA RETIREMENT BOARD**  
**RECORD OF OFFICIAL BOARD ACTIONS**

Motion #1		Date: February 21, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.					√
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.					√
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Motion #2		Date: February 21, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.					√
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Motion #3		Date: February 21, 2012			

Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.					√
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Motion #4		Date: February 21, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.					√
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Motion #5		Date: February 21, 2012			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				

Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.					√
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Motion #6	Date: February 21, 2012				
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.					√
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Motion #7	Date: February 21, 2012				
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.					√

Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Motion #8	Date: February 21, 2012				
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.					√
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Motion #9	Date: February 21, 2012				
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis					√
Bress, Joseph M.	√				
Bulger, Diana K.	√				
Bunn, James E.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√

Smith, Edward C.					√
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

